

## 2.04 OTAGO WORKFORCE DEVELOPMENT PROGRAMME

PGF Application – TE ARA MAHI		For: Approval	
<b>Applicant:</b>	Otago Chamber of Commerce	<b>Pipedrive ID #</b>	Commercial Information
<b>Region</b>	<b>Otago</b>	<b>PGF Funding Sought:</b>	\$1,850,000
<b>Region detail:</b>		<b>Total Project Value:</b>	\$ Commercial Information
		<b>Applicant co-funding:</b>	\$ Commercial Information
<b>Entity Type:</b>	Incorporated Society	<b>Funding Structure:</b>	Grant
<b>Entity Detail:</b>	The Otago Chamber of Commerce is an organisation dedicated to promoting and encouraging business growth and opportunity through the Otago region, offering business and business people a range of services and advocacy. Members join from diverse sectors and industries throughout the Otago region, reaching from Oamaru in the North to Balclutha in the South and inland to Cromwell.		

### We recommend that the SROs:

- a) **Recommend** to RED Ministers to approve \$1,850,000 from the Te Ara Mahi (TAM) portion of the Provincial Growth Fund (PGF) towards Otago Workforce Development Programme (OWDP).
- b) **Note** OWDP will establish Workforce Central (WFC), consisting of Dunedin's Jobs and Skills Hub. WFC will initially be established to support the New Dunedin Hospital (NDH) build, however it will operate as a beacon for broader outcomes for the construction section beyond the NDH build.
- c) **Note** the funding is a grant and covers the Commercial Information of the project. WFC will continue operating post-PGF with funding from local agencies and contractors involved in the NDH build as well as other construction projects.
- d) **Note** the project will upskill and employ a minimum of Commercial Information locals in the NDH build, and at least a further Commercial Information people will be engaged and supported into training, education and/or employment through WFC.
- e) **Note** two studies – Commercial Information
- f) **Note** there is significant increase in the construction activity forecasted for the next 15 years, with about \$10billion worth of construction and infrastructure projects identified across Otago. In this scenario, the project intends to leverage local sustainable employment outcomes and reduce reliance on imported labour to support the pipeline of construction projects.

- g) **Note** it is also estimated that the NDH build alone will generate a minimum of [Commercial Information] trades related employment opportunities for at least [Commercial Information]
- h) **Note** the intention is that WFC will be expressly included in the main contractor tender/contract documents as the supporting facility for the project.
- i) **Note** WFC has been modelled off the 5 current Jobs and Skills Hubs operating in Auckland, incorporating learnings from these previous experiences and adaptations to the local context.
- j) **Note** the project has support from the Otago Workforce Development Committee, which includes members of the Otago Chamber of Commerce, [Commercial Information] representatives of local and central government (e.g. Department of Corrections, MSD, and MBIE), Otago Polytech, industry-training organisations, pre-employment course providers, regionally-based construction company and subcontractor representatives, career advisory representatives and SWEP.
- k) **Note** the project will be run by a governance group involving MSD Southern, NDH representatives, Otago Chamber of Commerce, Otago Workforce Development Committee, Ministry of Health (MoH), [Commercial Information] (NDH's Project Management company), SWEP and [Commercial Information] ensuring relevant skills and expertise are available to guide its implementation.
- l) **Note** the physical site for WFC will be provided by MoH and will be strategically located across the road from the NDH build.
- m) **Note** co-funding will also be provided by [Commercial Information]

#### Proposal:

This proposal details 'Workforce Central' (WFC), Dunedin's Jobs and Skills Hub, which is being established to initially support the New Dunedin Hospital (NDH) project. WFC will be the core facilitation and coordination service to support and drive what will be a beacon of broader outcomes for the construction sector along with the NDH build project.

WFC has been modelled off the 5 current Jobs and Skills Hubs operating in Auckland, and we have adopted and enhanced many aspects of those hubs as well taken on board valuable learnings. Where the main difference lies is timing. Whereas the Auckland skills hubs were established to deal with an existing acute skills shortage, our proposal deals with a predicted acute skills shortage.

WFC will be a physical site based across the road from the NDH build and will provide exclusive service coordination for the below:

- **On-site Recruitment & Employment:** a minimum of [Commercial Information] trades related employment opportunities, along with other roles (such as site security personnel, drivers, administrators, cleaners, caterers), will be generated from the NDH build. Further opportunities are expected to arise from planned and proposed construction projects over the next 15 years in the Otago region.
- **On-site Training and Upskilling:** delivery on-site of literacy and numeracy skills training, mental health and wellbeing support, compliance tickets, cadetships, apprenticeship, supervisor and project management training, as well as development of individual learning plans.
- **School and Community Engagement:** creating pathways for trades' students via engagement with Iwi, Corrections, schools, Polytech and university students, MSD clients, Women in Trades, NEETs, PTEs, in regional informational sessions, etc.
- **2-day site induction for all site workers:** a minimum of [Commercial Information] people will complete an induction training. This will form the basis for the training and upskilling requirements, which will be tailored around

individual needs. Further training and support will involve recognition of prior learning, literacy and numeracy upskilling, <sup>Commercial Information</sup> education around the significance and importance of the land to Iwi and the community, <sup>Commercial Information</sup> training (mental health awareness), connector and assist training, verification of competency.

The first objective is to address one of the major identified risks in building the NDH, which is the difficulty in finding enough workers with the right range and level of skills at the right time in the construction cycle. If the right skills are not available, the project will be delayed and it will incur further costs. These clinical risks of delay have been characterised and the financial costs are readily calculated. While some skills can and will be imported, it makes good economic sense to increase and improve local skills as a priority.

The second purpose of this initiative is to implement change in the employment prospects of a significant group of unemployed or underemployed people in Otago, by offering work that: is safe; develops their skills, credentials and qualifications over time; and prepares them for further work in the construction sector in Otago on completion of the NDH project.

OWDP's vision is to change the way in which the construction sector operates by enhancing learning, upskilling and training opportunities to cater to the ever demanding construction pipeline across New Zealand, with strong focus on promoting construction workers' wellbeing as a practice. Alignment with the Construction Accord around the principles, goals and outcomes for New Zealanders is a very important aspect of this project, along with the support and involvement from Industry, Productivity Commission and the Infrastructure Transaction Unit. The vision for WFC is to become a model adopted and adapted by others involved with capital projects around New Zealand and Otago from <sup>Commercial</sup> onwards.

WFC will recruit and upskill <sup>Commercial</sup> existing construction workers currently available in Dunedin, and will attract and retain more than <sup>Commercial</sup> new locals within the NDH site. It is anticipated that WFC will attract further <sup>Commercial</sup> construction workers from outside of the wider Otago region. This is to ensure that enough people are employed, upskilled and trained to progress into further construction projects in and around the region on completion of the NDH build.

The groups targeted by the project include, but are not limited to, NEETs, school students (and their whanau), MSD clients and people in Corrections' care, or people looking into returning home to Dunedin from other regions.

Otago Workforce Development Committee is actively engaged in the discussions around the ongoing sustainability of WFC to ensure the continued support required post PGF funding and to meet the demand in the region for the sector. At the end of the funding cycle, ongoing costs to maintain WFC will be covered by revenue streams from contractors involved in both the NDH build and other construction projects, along with other grants and contributions by local government agencies and other organisations.

#### **Ability to achieve outcomes:**

Extensive community and industry consultation was conducted to test the demand for a Job and Skills Hub for trades in the region, which clearly articulated the need for coordination between available training providers, support services, community groups and the wider industry. The project was then tailored to address these and other issues drawn from planning and stakeholder coordination shortcomings in the construction sector.

Two studies were also completed to assess and map the labour supply and demand issues and opportunities in Otago's construction industry (supporting documents annexed): **Withheld - Commercial Information**

1. <sup>Commercial Information</sup> focused on the labour supply issues and opportunities in Otago region and mapped the gaps in training

delivery and the capacity of current providers to support construction skills development in the region. Options identified to better address the labour supply requirements include community engagement programs, enhancement of regional trades training capability, targeted recruitment plans, initiatives to support employers and wider industry collaboration *including a skills hub concept*.

2. [Redacted] Commercial Information provided a construction workforce modelling to determine the labour demand of the construction sector in the Southern regions. [Redacted] Commercial Information preliminary results demonstrate acute scarcity of professional and skilled people in the sector against a forecast (about \$10billion worth) of increasing construction and infrastructure development projects in the region over the next 15 years.

Findings from these studies informed the development of OWDP, and with wide engagement from industry, training organisations and local agencies the project has good capacity to achieve proposed outcomes.

Finally, a governance structure will be established to monitor issues and implementation, and ensure enduring success of the OWDP. The group will consist of consisting of representatives of MSD Southern, NDH, Otago Chamber of Commerce, Otago Workforce Development Committee, MoH, [Redacted] Commercial SWEPE, MBIE and [Redacted] Commercial Information so as appropriate expertise and capabilities are available to guide WFC's development.

**Wider benefits:**

- Improve employment opportunities and pathways, and increasing the workforce capacity within the region that is sustainable in the long-term.
- Reduce reliance on imported labour by developing skills locally and increasing the number of people in the sector readily available to meet the needs of over 700 planned and proposed building projects forecasted in and outside the wider Otago region.
- Generate wide commitment to employing and training locals in the first instance.
- Implement changes in the traditional workplace practice and employment model, promoting workers diversity and wellbeing.
- Attract people back to the region and provide placement support to those returning for work.
- Foster communication, collaboration, coordination and transparency across industry, training providers, government agencies and the labour supply chain.
- Reduce procurement costs and optimise use of available workforce.

**Funding detail:**

- The funding requested is for [Redacted] Commercial Information marketing costs, [Redacted] Commercial car lease and contingency costs (unforeseen circumstances such as costs required to address specific learning difficulties with new techniques or technologies, adverse cultural issues, or the eventual need to extend operational capacity, etc.) for the full duration of the project.
- The average cost to the PGF per employment outcome is NZ\$ [Redacted] Commercial Info
- [Redacted] Commercial Information will contribute NZ\$ [Redacted] Commercial Information co-funding to be structured as follows:

Source	Co-funding detail	Amount (NZ\$)
[Redacted] Commercial	WFC fit out (furniture, equipment, signage, etc.); operating costs (phones, computers, stationery, etc.); facilities costs.	[Redacted] Commercial Information
[Redacted] Commercial Information	[Redacted] Commercial Information labour market team time; advertising and promotion of	[Redacted] Commercial Information

	WFC through their <sup>Commercial Information</sup> programme media channels.	
<sup>Commercial Information</sup>	Employment and training consultant time; training and personal protective equipment to <sup>Commercial Information</sup> clients; <sup>Commercial Information</sup> broker time to forward likely candidates; <sup>Commercial Information</sup> case manager time; potential to include any required training advantageous to someone gaining employment <sup>Commercial Information</sup>	<sup>Commercial Informa</sup>
<sup>Commerci</sup>	Time in-kind; travel costs to visit hub and provide updates.	<sup>Commercial Inform</sup>
<sup>Commercial Information</sup>	Induction course.	<sup>Commercial Informa</sup>

**Outcome details are as follows:**

	Response	PDU (TAM) Statement regarding achievability of target
Number of people expected to be targeted by the project/activity:	<sup>Commerci</sup> minimum	This is achievable given the large number of organisations and agencies engaged in and committed to the Project.
Number of people expected to attain employment as a result of the project/activity:	<sup>Commerci</sup> minimum	This is achievable given the forecast of job opportunities created through the NDH build, as well as other construction and infrastructure projects forecasted for the next 15 years in Otago.

**Assessment against the PGF criteria:****Eligibility Criteria**

This application is eligible for PGF funding.

**Productivity Potential**

The Project will improve productivity in the regions by:

1. Increasing the pool of local people who meet the requirements to fill current vacant local positions and forthcoming employment opportunities in Otago, reducing reliance on imported labour as a result.
2. Increasing participant's employability by ensuring pathways are linked to work aspirations and industry's needs.
3. Improving employability, training and upskilling local people, so they can progress into further construction projects in and around the region.
4. Reducing downtime costs to workers, subcontractors and main contractor through a centralised training facility, which will support flexibility of training to fit in with industry hours to help tight construction schedules.

**Policy objectives**

Application's alignment with principles of Te Ara Mahi:

1. It focusses on supporting local people into local employment opportunities by addressing the specific needs of those who need more help than can be provided currently in order to achieve sustainable employment.
2. It ensures additionally by only deploying investments where existing departmental funding for workforce initiatives cannot be used to support proposals.
3. It creates and strengthens mechanisms for coordination of employers, workers and government that will endure past the lifetime of the PGF.
4. It indirectly reinforces investment in PGF Tier 2 (Sector Investment) and PGF Tier 3 (Enabling Infrastructure) projects; by supporting their workforce requirements specifically.

PGF Criteria	Assessment Commentary	Rating Yes / No / Partial
<b>Link with fund and government outcomes</b>		
Aligns with relevant regional economic and employment plans and priorities, including any Māori development plans	<ul style="list-style-type: none"> <li>• The project strongly aligns with the strategic priorities of the Otago region, as evidenced by the stakeholders that have endorsed the initiative.</li> <li>• No primary focus on Māori, however OWDP will support <small>Commercial Inform</small> to rekindle a Māori and Pasifika apprenticeship programme.</li> </ul>	<b>Yes</b>
Demonstrates potential to meet the current or future labour market skill needs of the region, including those resulting from PGF Tier 2 and 3 investments	<ul style="list-style-type: none"> <li>• The initiative is tailored to meet the immediate and imminent needs of the labour market in the region.</li> </ul>	<b>Yes</b>
Reduces the rates of people not in employment, education and training, with an emphasis on Māori	<ul style="list-style-type: none"> <li>• The target group includes NEETs, however the project does not limit its reach to only this group and aims to recruit any person who wants to work in trades or wishes/needs to upskill to advance in their career in the sector.</li> <li>• No particular emphasis on Māori. However <small>Co ercia</small> are very supportive of the model and have current employment training programmes that will link into the NDH.</li> <li>• <small>Commercial Information</small> will also play a major role with the 2-day induction.</li> </ul>	<b>Partial</b>
Increases local employment and earning potential, by supporting local people into local jobs, with an emphasis on sustainable employment outcomes	<ul style="list-style-type: none"> <li>• One of the focus of the project is to improve local skills and reduce reliance on imported labour.</li> <li>• The project proposes a change in the traditional workplace practice in the sector, so as to develop trades into an attractive and sustainable career choice.</li> <li>• WFC will improve workforce capacity proportionally to the forecast labour demand to ensure employment outcomes are sustainable.</li> </ul>	<b>Yes</b>

<b>Additionality – adds value by building on what is already there</b>		
Addresses a gap in current service provision e.g. does not cover activities that are already funded for (unless funding is to up-scale or re-start, existing projects)	<ul style="list-style-type: none"> <li>WFC will be the facilitation and coordination service for the NDH build, and will have staff on-site from other government agencies. It will gather different stakeholders (including government agencies, community groups and training providers) and connect existing services in one space, to ensure comprehensive, integrated and effective support to participants.</li> <li>The project will fill identified gaps in training delivery and the capacity of current providers by coordinating and connecting services to support construction skills development in the region.</li> </ul>	<b>Yes</b>
Demonstrates why third party funding, including other government agencies, cannot be used to address the current gap in service provision	<ul style="list-style-type: none"> <li>The project will utilise existing services and initiatives by third parties, and act as a coordinator to these stakeholders.</li> <li>The project has co-funding by industry and central and local government, including <small>Commercial Information</small> [REDACTED]</li> </ul>	<b>Yes</b>
<b>Connected to regional stakeholders and frameworks</b>		
Alignment with regional priorities	<ul style="list-style-type: none"> <li>The project was developed to specifically target the local scarcity of construction labour and ensure a qualified workforce is developed to meet the imminent increase in demand.</li> <li>Extensive stakeholder consultation was conducted to align the form and objectives of the project to the regional needs and priorities.</li> </ul>	<b>Yes</b>
Support from local employers, central and local government, and governance groups (inc. Councils, Iwi/Hapu)	<ul style="list-style-type: none"> <li>Evidence of support has been provided across a range of stakeholders, which include members of the Otago Chamber of Commerce, <small>Commercial Information</small> [REDACTED], representatives of local and central government (e.g. Corrections, MSD, and MBIE), Otago Polytech, industry-training organisations, pre-employment course providers, regionally-based construction company and subcontractor representatives, career advisory representatives and MBIE's Sector Workforce Engagement Programme (SWEP).</li> <li>The applicant has relationships with local employers.</li> </ul>	<b>Yes</b>
<b>Governance, risk management and project execution</b>		
Robust project management and governance systems	<ul style="list-style-type: none"> <li>A governance structure will be established to monitor issues and implementation, and ensure enduring success of the OWDP. The group will consist of representatives of MSD Southern, NDH,</li> </ul>	<b>Yes</b>

	Otago Chamber of Commerce, Otago Workforce Development Committee, MoH, <sup>Commercial</sup> [REDACTED], SWEF and <sup>Commercial Information</sup> [REDACTED] to ensure the appropriate expertise and capabilities are available to guide WFC's development.	
Demonstrates the capacity and technical capabilities to effectively implement the initiative	<ul style="list-style-type: none"> <li>OWDP will draw upon all relevant skills and experience arising from the input and support of a wide range of stakeholders including SWEF, the Otago Chamber, local businesses, training providers and contractors.</li> <li>WFC will be modelled off successful previous hubs operating in Auckland.</li> </ul>	<b>Yes</b>
Risk management approach	<ul style="list-style-type: none"> <li>Risks and mitigations are outlined in the application.</li> </ul>	<b>Yes</b>
Future ownership / operational management	<ul style="list-style-type: none"> <li>At the end of the funding cycle, ongoing costs to maintain WFC will be covered by revenue streams from contractors involved in both the NDH build and other construction projects, along with other grants and contributions by local government agencies and other organisations.</li> <li>Once the NDH build is completed, staff and accrued IP will be made freely available to new infrastructure initiatives, enabling them to avoid 'start-up' costs. Central and local government agencies (some already engaged and committed) and industry will ensure sufficient funds to maintain the project.</li> </ul>	<b>Partial</b>
<b>Funding Arrangements</b>		
The funds will likely be distributed via a milestone plan, which is likely to include an upfront cost for set up. This will be further determined during the contracting stage.		
<b>Due Diligence and Ownership</b>		
Due diligence was undertaken on the organisation and some of the related parties, including people appointed for the project's governance group. No findings of any significance to follow up on.		
<b>Otago Chamber of Commerce Officers:</b>		
<ul style="list-style-type: none"> <li>Privacy of natural persons [REDACTED]</li> </ul>		
<b>Otago Chamber of Commerce Members:</b>		
<ul style="list-style-type: none"> <li>Privacy of natural persons [REDACTED]</li> </ul>		



- Privacy of natural persons – Otago Polytechnic
- Privacy of natural persons – Foley plumbers
- Privacy of natural persons – Clutha District Council
- Privacy of natural persons – Calder Stewart
- Privacy of natural persons – Enterprise Dunedin
- Privacy of natural persons – Connexis
- Privacy of natural persons – Malcam
- Privacy of natural persons – Dunedin Schools Principals
- Privacy of natural persons – Ministry of Social Development
- Privacy of natural persons – Clutha Development
- Privacy of natural persons – BCITO
- Privacy of natural persons – ETCO
- Privacy of natural persons – Corrections
- Privacy of natural persons – Corrections
- Privacy of natural persons – Fulton Hogan

**OWDP Governance Group:**

- Privacy of natural persons
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**Risk Assessment**

The key risks to the PDU and proposed mitigations of this investment are as follows:

Type of risk	Risk description	Mitigations	Risk Rating L/M/H
<b>Recruitment</b>	Workforce Central is unable to meet the needs of contractors for labour supply.	<ul style="list-style-type: none"> <li>• Define a clear strategy to monitor regularly the demands and needs via Governance Group, which is composed by members of a wide range of stakeholder groups.</li> <li>• Establish relationships with employers with clear alignment of expectations.</li> </ul>	Low
<b>Funding</b>	Insufficient funding available to complete the Project.	<ul style="list-style-type: none"> <li>• Ensure a financial plan and reporting is in place for the Governance Group to effectively manage potential risk.</li> </ul>	Medium/Low
<b>Competition</b>	Competition from other initiatives for the same labour supply.	<ul style="list-style-type: none"> <li>• Identify other potential initiatives and determine likely areas of conflict.</li> <li>• Contact potential competitors to ensure impact on labour supply groups is minimized as and where possible.</li> </ul>	Low

		<ul style="list-style-type: none"> <li>WFC will be the portal of labour supply for the New Dunedin Hospital (NDH) build. Wide support from and continuing engagement with other government agencies and stakeholders – including employers, MoH, MSD, TEC and Corrections – are in place to ensure any competition or duplication risks are mitigated.</li> </ul>	
<b>Delay</b>	Training providers are unable or too slow to deliver required training.	<ul style="list-style-type: none"> <li>Establish MoU setting clear expectations at the start of the programme.</li> <li>Ensure clear measures are established and monitored regularly.</li> <li>Involve key stakeholders in the Project's governance to ensure vested interest in success.</li> <li>Have a lead in time and ensure continuing engagement with parties involved in the NDH build to establish clear and realistic delivery timeframes.</li> </ul>	Medium/Low
<b>Engagement</b>	Poor engagement with local agencies.	<ul style="list-style-type: none"> <li>Develop relationships and establish MOU's with local agencies at programme initiation.</li> <li>Involve key stakeholders in advisory and/or governance capacity.</li> <li>WFC will receive in-kind contribution from central and local agencies, including via staff being allocated on-site to ensure continuing engagement and integrated service delivery.</li> </ul>	Low

#### Consultation undertaken or implications:

Central and regional agencies have been involved in this application and provided feedback on the project's development plan through the Otago Construction Workforce Development Committee, with co-funding resulting from these engagements.

#### Supporting proposal:

Yes

#### Appendices:

Yes – Applications and supporting letters are as annexes Withheld - Commercial information

#### Author of paper:

Te Ara Mahi/He Poutama Rangatahi Team